

# Community Dev Fin Institutions

## Performance Plans for FY2002 and FY2003

Actual Performance Figures are in **bold**, Final Targets are in plain text, and Proposed Targets are *italicized*.  
Targets which were not met are shown in red.

**Mission:** Promote access to capital and local economic growth by directly investing in and supporting community development financial institutions (CDFIs) and expanding financial service organizations' lending, investment, and services withing underserved markets.

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**Budget Activity:** Investments in CDFIs

**Function:** This budget activity uses limited Federal resources to invest in and build capacity of private, for-profit and non-profit community-based financial institutions to address community development finance needs. The Fund makes investments in community development financial institutions (CDFIs), in the form of equity investments, loans, capital grants, deposits and share purchases. The form of financial assistance depends on the individual needs of a CDFI as reflected in a business plan and its ability to raise private matching funds comparable in form and value to the Fund's assistance.

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**Performance Goal:**

Increase participation in the Fund's CDFI programs to facilitate local economic growth.

	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Actual</b>	<b>FY2002 Final Plan</b>	<b>FY2003 Proposed Plan</b>
<b><u>Performance Measure(s):</u></b>					
View Definition and Validation					
Number of certified CDFIs as of year-end	<b>334</b>	<b>415</b>	<b>468</b>	495	<i>525</i>

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**Performance Goal:**

Increase diversity of CDFI awardees.

	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Actual</b>	<b>FY2002 Final Plan</b>	<b>FY2003 Proposed Plan</b>
<b><u>Performance Measure(s):</u></b>					
View Definition and Validation					
Number of states/territories (and District of Columbia) to date with at least one CDFI program awardee	<b>49</b>	<b>52</b>	<b>53</b>	53	<i>53</i>

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**Performance Goal:**

Increase private sector investment in CDFIs.

	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Actual</b>	<b>FY2002 Final Plan</b>	<b>FY2003 Proposed Plan</b>
<b><u>Performance Measure(s):</u></b>					
View Definition and Validation					
Number of CDFIs receiving financial assistance from Treasury	60	77	94	65	55

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View Definition and Validation					
Non-Federal matching funds raised by CDFIs during the year (\$ in Millions)		\$52	\$185	\$110	\$105

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**Budget Activity:** Capacity and Expertise of CDFIs

**Function:** This budget activity covers the Fund's activities relating to its training program, the Technical Assistance Component of the CDFI Program, which in FY 2001 was replaced by the new Small and Emerging CDFI Assistance (SECA) Component of the CDFI Program that provides for training activities and technical assistance grants, and the new Native American Training and Technical Assistance Component. Training and technical assistance are designed to enhance the capacity of CDFIs and other members of the financial services industry to undertake community development and economic revitalization activities.

Through the Technical Assistance Component of the CDFI Program, begun in FY 1998, the Fund has provided grants to CDFIs and organizations that proposed to become CDFIs, have organizational capacity needs and demonstrate significant potential for generating community development impact.

Through the Training Program, begun in FY 1999, the Fund uses contractor support to conduct a training needs assessment for CDFIs and other members of the financial services industry. Based on the needs assessment, the Fund develops training services that will focus on training in organizational development, lending and investment products, underwriting and servicing loans, managing equity investments, and providing development services targeted to areas of economic distress, low-income persons and persons who lack adequate access to loans and equity investments.

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**Performance Goal:**

Increase the Capacity and Expertise of CDFIs.

	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Actual</b>	<b>FY2002 Final Plan</b>	<b>FY2003 Proposed Plan</b>
<b><u>Performance Measure(s):</u></b>					
View Definition and Validation Number of organizations that receive technical assistance awards during the year.	88	87 View Explanation	84	95	86
View Definition and Validation Amount of technical assistance grants awarded during the year (\$ in millions)	\$4	\$4	\$3.6 View Explanation	\$13	\$11
View Definition and Validation Number of first-time awardees under the Technical Assistance and Small and Emerging CDFI Assistance components		49	52 View Explanation	45	45

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**Budget Activity:  
Function:**Financial Service Organization Community  
Development Lending and Investments

This budget activity relates to the Bank Enterprise Award (BEA) Program, which provides financial incentives for insured depository institutions to increase their investments in CDFIs and to increase their lending and provision of financial services in distressed communities.

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**Performance Goal:**

Increase Direct Lending, Investment and Services by Depository Institutions in Distressed Communities.

<b><u>Performance Measure(s):</u></b>	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Actual</b>	<b>FY2002 Final Plan</b>	<b>FY2003 Proposed Plan</b>
View Definition and Validation					
Increase in dollar amount of community development loans, investments and services in distressed communities by BEA applicants that submitted a final report (assessment period over baseline period) (\$ in Millions)		\$166	\$249.5	\$185	\$100

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**Performance Goal:**

Increase Depository Support of CDFIs.

	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Actual</b>	<b>FY2002 Final Plan</b>	<b>FY2003 Proposed Plan</b>
<b><u>Performance Measure(s):</u></b>					
View Definition and Validation					
Amount of financial assistance provided to CDFIs by BEA applicants that submitted a final report (\$ in millions)		\$244	\$275 View Explanation	\$148	\$150
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View Definition and Validation					
Number of CDFIs receiving financial assistance by BEA applicants that submitted a final report		165	164 View Explanation	120	120
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View Definition and Validation					
Number of BEA applicants that submitted a final report that provided financial assistance to CDFIs		130	181	111	115

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**Budget Activity:** New Markets Tax Credits

**Function:** Relates to a new program called the New Markets Tax Credits Program. The Community Renewal Act of 2000 authorized this program and the Miscellaneous Appropriations Act of 2001 increased CFDI's limitation on administration so that the Fund could administer the program. The Fund will allocate tax credits to qualified community development entities (CDEs), which allocate the tax credits to investors; the proceeds of such investment must be used by the CDE to make qualified low-income community investments. The allocation of tax credits is to be provided by the Fund to CDEs by December 31st of each year.

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**Performance Goal:**

Increase Private Sector Investment in Community Development Entities.

	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Actual</b>	<b>FY2002 Final Plan</b>	<b>FY2003 Proposed Plan</b>
<b><u>Performance Measure(s):</u></b>					
View Definition and Validation					
Dollar amount of private sector investment in community development entities resulting from New Market Tax Credit Program [BASELINE IN FY 2002]			\$0		
			View Explanation		

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### **Performance Measure**

Number of certified CDFIs as of year-end

#### **Definition and Validation**

**Definition:** This measures the number of community development financial institutions (CDFIs) certified by the CDFI Fund as of the end of the fiscal year. The greater the number of CDFIs, the greater the diversity of low-income and distressed areas that CDFIs can serve.

**Verification and Validation:** The Fund maintains a database populated from requests for certification from application for certification, and is updated for approval/denial of certification and for the amount of any awards provided by the Fund. The information in the database can be organized to show the CDFIs certified by the CDFI Fund as of any point time.

To ensure the accuracy of the database, someone other than the person responsible for entering the data into the system compares the database information of the source documents. This review is performed throughout the course of the year. The database is not audited.

The database is updated as applications are received, as they are either approved or denied, as awards are made and as evidence of matching funds is provided. Accordingly, this information is available on a monthly basis.

Data Accuracy: Reasonable Accuracy

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### **Performance Measure**

Number of states/territories (and District of Columbia) to date with at least one CDFI program awardee

#### **Definition and Validation**

**Definition:** In order to maximize the reach of the Funds programs, one of its goals is to have at least one CDFI in every state and territory. This measures the number of US states and territories that have at least one CDFI awardee (it is a cumulative number, from inception of the Fund).

**Verification and Validation:** We review each CDFIs organization documents prior to certifying the CDFI and updating the CDFI database. These documents include the state of organization and location. The Office of Awards Management periodically reviews the CDFI database for accuracy. The awards database system is not audited.

The database is updated as applications are received, as they are either approved or denied, as awards are made (it is kept current) and as evidence of matching funds from non-Federal sources is provided. Accordingly, this information is available on a monthly basis.

Data Accuracy: Reasonable Accuracy

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### **Performance Measure**

Number of CDFIs receiving financial assistance from Treasury

#### **Definition and Validation**

**Definition:** Measures the number of CDFIs that received a financial assistance award during the year under the Core, Intermediary, and SECA components. This excludes any CDFIs receiving just a technical assistance award. The larger the number of CDFIs, the greater the impact they will have in low-income and distressed areas.

**Verification and Validation:** The Fund maintains a database of CDFIs which is populated from requests for certification from CDFIs and updated for approvals/denials of all such requests and for the amount of any awards provided by the Fund. The information in the database can be organized to show the number of CDIs receiving an award from the Fund at any given time.

To ensure the accuracy of the databae, someone other than the person responsible for entering data into the system compares the database information to the source documents. This review is performed throughout the course of the year. The database is not audited.

The database is updated as applications are received, as they are either approved or denied, as awards are made (it is kept current) and as evidence of matching funds is provided. Accordingly, this information is available on a monthly basis.

Data Accuracy: Reasonable accuracy

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### **Performance Measure**

Non-Federal matching funds raised by CDFIs during the year (\$ in Millions)

#### **Definition and Validation**

Definition: The Fund requires that awardees receiving financial assistance grants obtain non-Federal matching funds in the form and value similar to those provided by the Fund. The intent is to leverage the funds provided. This relates to disbursements of financial assistance made by the Fund during the year under its Core and SECA programs. If the Fund disburses \$X to an awardee in any given year, then that awardee must have received at least that same amount in non-Federal funds prior to the disbursement. The greater the amount of funds raised CDFIs (including non-Federal funds), the greater the amount of funds CDFIs will have to invest in low-income and distressed areas.

Verification and Validation: Each year the Fund conducts a survey of its Core and Intermediary awardees. This survey includes a request for information relating to the amount of matching funds received by awardees. We determine the ratio of matching funds obtained by awardees (expressed as a ratio of matching funds to financial assistance grants provided the Fund) and multiply this ratio by the amount of financial assistance disbursements made during the year. This survey information is not audited.

The survey is conducted on an annual basis.

Data Accuracy: Reasonable Accuracy

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### **Performance Measure**

Number of organizations that receive technical assistance awards during the year.

#### **Definition and Validation**

Definition: The CDFI Fund provides technical assistance awards to two groups of awardees: one group consists of smaller, newer CDFIs applying for such awards under the SECA component of the CDFI program, and the other consists of larger and more established CDFIs applying for such awards under the Core Component. The intent of the SECA component is to provide financial and technical assistance grants to the smaller CDFIs. To strengthen the organizational capacity and expertise of all CDFIs to better serve their markets and to help them expand, the Fund will measure the number of CDFIs that receive technical assistance grants during the year.

Validation and Verification: The Fund maintains a database of all CDFIs, including the small and emerging CDFIs. It is initially populated from requests for certification from CDFIs, and updated for approvals/denials of all such requests and by the amount of awards (if any) provided by the Fund to each CDFI. Information is initially entered into the database based on application for certification, and is updated based on this additional information (approval/denial of certification/amount of CDFI Fund award, amount of Fund award). The information in the database can be organized to show the number of organizations that receive technical assistance awards during the year.

To ensure the accuracy of the database, someone other than the person responsible for entering data into the system compares the database information to the source documents. This review is performed throughout the course of the year. The database is not audited.

The database is updated as applications are received, as they are approved or denied, and as awards are made (it is kept current). Accordingly, this information is available on a monthly basis.

Data Accuracy: Reasonable Accuracy

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### **Performance Measure**

Amount of technical assistance grants awarded during the year (\$ in millions)

#### **Definition and Validation**

Definition: The CDFI Fund provides technical assistance awards to two groups of awardees: one group consists of smaller, newer CDFIs applying for such awards under the SECA component of the CDFI program, and the other consists of larger or more established CDFIs applying for such awards under the Core Component. The intent of the SECA component is to provide financial and technical assistance grants to the smaller CDFIs. Technical assistance awards are used by CDFIs to expand their ability to provide services to their communities. To strengthen the organizational capacity and expertise of all CDFIs to better serve their markets and to help them expand, the Fund will measure the dollar amount of technical assistance awards provided to all CDFIs.

Verification and Validation: The Fund maintains a database of all CDFIs, including the small and emerging CDFIs. It is initially populated from requests for certification from CDFIs, and updated for approvals/denials of all such requests, the amount of awards (if any) provided by the Fund to each CDFI, and the amount of non-Federal funds raised by the CDFIs. Information is initially entered into the database based on application for certification, and is updated based on this additional information (approval/ denial of certification/amount of CDFI Fund award, amount of non-Federal funds raised). The information in the database can be organized to show the the dollar amount of technical assistance awards during the year.

To ensure the accuracy of the database, someone other than the person responsible for entering data into the system compares the database information to the source documents. This review is performed throughout the course of the year. The database is not audited.

The database is updated as applications are received, as they are approved or denied, and as awards are made (it is kept current). Accordingly, this information is available on a monthly basis.

Data Accuracy: Reasonable Accuracy

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### **Performance Measure**

Number of first-time awardees under the Technical Assistance and Small and Emerging CDFI Assistance components

#### **Definition and Validation**

Definition: The intent of the SECA Component is to provide financial and technical assistance grants to the smaller CDFIs. By definition, SECA awardees cannot have received a prior financial assistance award from the Fund, but they can have received a prior technical assistance award. Accordingly, this measures the number of awardees that have not previously received any award from the fund, and is an indicator of the number of newer CDFIs receiving awards.

Verification and Validation: The Fund maintains a database of CDFIs, including the small and emerging CDFIs. It is initially populated from requests for certification from CDFIs, and updated for approvals/denials of all such requests, the amount of awards (if any) provided by the Fund to each CDFI, and the amount of Fund awards provided. Information is initially entered into the database based on application for certification, and is updated based on this additional information (approval/denial of certification/amount of CDFI Fund award, amount of Fund award). The information in the database can be organized to show the number of first-time CDFIs receiving an award under the SECA program for the fiscal year.

To ensure the accuracy of the database, someone other than the person responsible for entering data into the system compares the database information to the source documents. This review is performed throughout the course of the year. The database is not audited.

The database is updated as applications are received, as they are approved or denied, and as awards are made (it is kept current). Accordingly, this information is available on a monthly basis.

Data Accuracy: Reasonable Accuracy

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### **Performance Measure**

Increase in dollar amount of community development loans, investments and services in distressed communities by BEA applicants that submitted a final report (assessment period over baseline period) (\$ in Millions)

#### **Definition and Validation**

Definition: The Bank Enterprise Award (BEA) Program provides financial incentives for financial institutions to increase the amount of their investments in distressed areas and provided to other CDFIs. These incentives consist of a percentage increase in the amount of investment during an assessment period over a baseline period. Applications for award show estimated assessment period performance over actual baseline performance, and applicants' final reports show actual assessment performance over baseline performance. This measure shows the increase in the amount of investments made by financial institutions in distressed communities by all current year BEA applicants that submitted a final report. Since this is an incentive program, this measure relates to applicant performance.

Verification and Validation: This information comes from the final reports provided by BEA awardees and is entered into the Fund's awards database. This information is not currently verified or validated. The database is not audited.

The database is updated as applications are received, as they are approved or denied, and as awards are made (it is kept current). It is also updated for investment information provided by the applicants. Accordingly, this information is available on a monthly basis.

Data Accuracy: Unknown Accuracy. "The FY 2001 Bank Enterprise Award (BEA) program performance information is being directly reported by the BEA awardees. The CDFI fund has not corroborated the BEA awardee-reported information to assess reliability. Without further assessment and analysis, the CDFI fund cannot deem the fiscal year 2001 performance data to be reliable." "Planned remedies: Validate BEA awardee reported performance data to ensure reliability. Establish methodology to corroborate performance data provided by BEA awardees to ensure accuracy and reliability."

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### **Performance Measure**

Amount of financial assistance provided to CDFIs by BEA applicants that submitted a final report (\$ in millions)

#### **Definition and Validation**

Definition: The BEA Program provides financial incentives for financial institutions to increase the amount of their investments in distressed areas and provided to other CDFIs. These incentives consist of a percentage increase in the amount of investment during an assessment period over a baseline period. Applications for award show estimated assessment period performance over actual baseline performance, and applicants' final reports show actual assessment performance over baseline performance. This measure shows the amount of financial assistance provided by financial institutions to CDFIs during the assessment period by all current year BEA applicants that submitted a final report. Since this is an incentive program, this measure relates to applicant performance.

Verification and Validation: This information comes from the final reports provided by BEA awardees and is entered into the Fund's awards database. This information is not currently verified or validated. The database is not audited.

Update Status: The database is updated as applications are received, as they are approved or denied, and as awards are made (it is kept current). It is also updated for investment information provided by the applicants. Accordingly, this information is available on a monthly basis.

Data Accuracy: Unknown Accuracy. "The FY 2001 Bank Enterprise Award (BEA) program performance information is being directly reported by the BEA awardees. The CDFI fund has not corroborated the BEA awardee-reported information to assess reliability. Without further assessment and analysis, the CDFI fund cannot deem the fiscal year 2001 performance data to be reliable." "Planned remedies: Validate BEA awardee reported performance data to ensure reliability. Establish methodology to corroborate performance data provided by BEA awardees to ensure accuracy and reliability."

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### **Performance Measure**

Number of CDFIs receiving financial assistance by BEA applicants that submitted a final report

#### **Definition and Validation**

Definition: The Bank Enterprise Award (BEA) Program provides financial incentives for financial institutions to increase the amount of their investments in distressed areas and provided to other CDFIs. These incentives consist of a percentage increase in the amount of investment during an assessment period over a baseline period. Applications for award show estimated assessment period performance over actual baseline performance, and applicants' final reports show actual assessment performance over baseline performance. This measure shows the number of CDFIs provided with financial assistance during the assessment period by all current year BEA applicants that submitted a final report. A CDFI will only be counted once, even if it received financial assistance from more than one financial institution. Since this is an incentive program, this measure relates to applicant performance.

Verification and Validation: This information comes from the final reports provided by BEA awardees and is entered into the Fund's awards database. This information is not currently verified or validated. The database is not audited.

Update Status: The database is updated as applications are received, as they are approved or denied, and as awards are made (it is kept current). It is also updated for investment information provided by the applicants. Accordingly, this information is available on a monthly basis.

Data Accuracy: Unknown Accuracy. "The FY 2001 BEA program performance information is being directly reported by the BEA awardees. The CDFI fund has not corroborated the BEA awardee-reported information to assess reliability. Without further assessment and analysis, the CDFI fund cannot deem the fiscal year 2001 performance data to be reliable." "Planned

remedies: Validate BEA awardee reported performance data to ensure reliability. Establish methodology to corroborate performance data provided by BEA awardees to ensure accuracy and reliability."

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### **Performance Measure**

Number of BEA applicants that submitted a final report that provided financial assistance to CDFIs

#### **Definition and Validation**

Definition: The Bank Enterprise Award (BEA) Program provides financial incentives for financial institutions to increase the amount of their investments in distressed areas and provided to other CDFIs. These incentives consist of a percentage increase in the amount of investment during an assessment period over a baseline period. Applications for award show estimated assessment period performance over actual baseline performance, and applicants' final reports show actual assessment performance over baseline performance. This measure shows the number of BEA applicants (providing a final report) that provided financial assistance to CDFIs. Since this is an incentive program, this measure relates to applicant performance.

Verification and Validation: This information comes from the final reports provided by BEA awardees and is entered into the Fund's awards database. This information is not currently verified or validated. The database is not audited.

Update Status: The database is updated as applications are received, as they are approved or denied, and as awards are made (it is kept current). It is also updated for investment information provided by the applicants. Accordingly, this information is available on a monthly basis.

Data Accuracy: Unknown Accuracy. "The FY 2001 BEA program performance information is being directly reported by the BEA awardees. The CDFI fund has not corroborated the BEA awardee-reported information to assess reliability. Without further assessment and analysis, the CDFI fund cannot deem the fiscal year 2001 performance data to be reliable." "Planned remedies: Validate BEA awardee reported performance data to ensure reliability. Establish methodology to corroborate performance data provided by BEA awardees to ensure accuracy and reliability."

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### **Performance Measure**

Dollar amount of private sector investment in community development entities resulting from New Market Tax Credit Program [BASELINE IN FY 2002]

#### **Definition and Validation**

Definition: The intent of the New Markets Tax Credit (NMTC) Program is to spur economic growth in low-income communities. This is to be accomplished by providing an allocation of income tax credits to Community Development Entities (CDEs). CDEs will attract investments from private investors by providing them with a tax credit equal to a percentage of the amount invested. CDEs will in turn invest amounts received from the private investors in low-income communities in the form of investments and loans. This measure shows the amount of investments that CDEs receive from the private sector. Maximizing the pool of funds available to CDEs will result in a greater amount invested in low-income communities.

Verification and Validation: The source for this information has not yet been identified. It will be maintained in a database similar to that used for the Fund's grant programs. This will enable the Fund to sort and group information based on several criteria. Initially the information to be provided by the NMTC awardees will not be verified or validated. As the program evolves this may change. The database will not be audited.

Update Status: The database will be updated as applications are received, as they are either approved or denied, and as tax credits are allocated. It will also be updated for investment information provided by the application. Accordingly, this information will be available on a monthly basis.

Data Accuracy: Reasonable Accuracy

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**Explanation:FY2001**

**Performance Measure:**

Amount of technical assistance grants awarded during the year (\$ in millions)

The \$10 million goal incorrectly included financial assistance awards projected to be made under the SECA Component, and not just the technical assistance awards. Has this goal reflected just the amount of the technical assistance awards, it would have been approximately \$5.5 million. The reason the actual technical awards made during FY 2001 was less than this amount was due to a smaller number of deserving applications being received for award consideration.

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**Explanation:FY2001**

**Performance Measure:**

Number of first-time awardees under the Technical Assistance and Small and Emerging CDFI Assistance components

As of March 31st, the CDFI Fund has not made any decisions on grant awards for the FY 2001 award round. Target is expected to be met.

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**Explanation:FY2001**

**Performance Measure:**

Amount of financial assistance provided to CDFIs by BEA applicants that submitted a final report (\$ in millions)

**NEED EXPLANATION**

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**Explanation:FY2001**

**Performance Measure:**

Number of CDFIs receiving financial assistance by BEA applicants that submitted a final report

In our original calculations for this measure, we assumed that there would be a larger number of CDFIs receiving financial assistance from financial institutions, resulting in a smaller amount received per CDFI. Instead there was a small number of CDFIs approved for awards, and so each received a larger (per CDFI) amount. This is evidenced by measure IIIB1 which shows that the amount of assistance provided by financial institutions to CDFIs, in total, equaled the goal.

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**Explanation:FY2001**

**Performance Measure:**

Dollar amount of private sector investment in community development entities resulting from New Market Tax Credit Program [BASELINE IN FY 2002]

This is a new program which has not yet been implemented, so no investments have yet been made by CDEs.

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**Explanation:FY2000**

**Performance Measure:**

Number of organizations that receive technical assistance awards during the year.

Includes 21 awardees receiving TA grants under the Core Program.

